



Nebraska Sales and Use Tax

General Information 2013

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Departmental training staff.*

It is not intended to be a stand-alone document.

*It is not an information guide, nor does it carry
regulatory or statutory authority.*

*Nebraska tax statutes, regulations,
information guides, and other resources are available
at revenue.ne.gov.*

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- Any business may post paid, quality internships and any student may search for internship opportunities on InternNE.com.

What is the InternNE Grant Program?

- Program providing financial assistance to employers creating new internship opportunities

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E-filing and Payment Mandates

The payment threshold is lowered annually.

- | | |
|----------------|----------|
| • July 1, 2013 | \$ 9,000 |
| • July 1, 2014 | \$ 8,000 |
| • July 1, 2015 | \$ 7,000 |

Any businesses with multiple locations that have been granted permission to file “combined” sales tax returns must e-file.

For more detailed information on e-file and e-pay requirements, see our [website](#).

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Today's Agenda

- Nebraska Sales Tax
- Sales Tax is Calculated on Gross Receipts
- Delivery Location and the Local Sales Tax
- Collecting, Documenting, and Reporting Sales Tax
- Nebraska e-pay
- What is Use Tax?
- Other Tax Information

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Nebraska Sales Tax

For more information, see the [Sales and Use Tax Regulations](#) on our website.

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Nebraska Sales Tax (continued)

Sales tax is...

- ... a transactional tax,
- ... based on the transaction,
- ... rather than the item sold.

Where the item or service is delivered determines the local sales tax rate and to whom the tax is due.

A sale is...

- ... the transfer of title or possession,
- ... of an item or taxable service,
- ... for consideration.

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Nebraska Sales Tax (continued)

A lease or rental of tangible personal property...

- ...can be a sale,
- ...if there is transfer of possession.

Sales tax is due on each lease or rental payment.

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Nebraska Sales Tax (continued)

All sellers...

- ...are the consumers of anything they use to sell their items and services; and
- ...must pay tax on them.

Example 1: Cash registers

Example 2: Security services

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Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor (with 5 exceptions – see slide 58)

For a more complete list of taxable and nontaxable services, see the Nebraska and Local Sales Tax Information Guide on our website.

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All service providers...

...are the consumers of the taxable items and services used to provide the service; and
...must pay tax on those items or services
(even if the charge for the service is also taxable).

Example 1: The carwash does not sell soap and wax, but a “car wash.”

Example 2: A window cleaner is not selling window cleaning solution, but “clean windows.”

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Collecting Sales Tax

- Collected by the seller as an agent for the State
- Held in trust for the State of Nebraska
- Must have a sales tax permit
- Collection fee

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Sales Tax is Calculated on Gross Receipts

Gross receipts...

...means the total amount of a sale or lease for a consideration.

Sales tax is calculated on the gross receipts of the sales transaction.

For more information, see Reg-1-007 – Gross Receipts Defined.

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Delivery Location and the Local Sales Tax

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Delivery Location and Tax Rate

The delivery location determines the Local Sales Tax.

- The delivery location is where the purchaser picks up the item or where he/she takes possession of it.
- The local sales tax rate depends on whether the delivery location is inside or outside city limits.
- When delivery is outside Nebraska, contact the other state.

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Delivery Location and Tax Rate (continued)

Local Sales Tax Increase

Neb. Rev. Stat. § 77-27,142

- A municipality, except Omaha, may impose a local sales tax of 1.75% or 2% if the rate increase is approved by at least 70% of the municipality's governing body and by a vote of the voters residing in the municipality.
- For further information, contact Karen Barrett at 402-471-5980.

[Sales Tax Rate Finder](#)

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Collecting, Documenting, and Reporting Sales Tax

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The Bottom Line for Sales Tax

- All sales transactions are presumed taxable.
- Sales tax must be separately stated (with 4 exceptions).

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The Bottom Line for Sales Tax

Sellers must collect sales tax
or
document why they did not.

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Documenting Exempt Sales

- **Form 13**
- Sellers keep completed copies of Form 13.
- A “blanket” form is valid until it is revoked in writing by the purchaser.

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Documenting Exempt Sales

Nebraska Resale Certificate
Form 13, Section A

- Purchases for resale
- Items that become a component part of a product to be sold

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Form 13, Section A

 Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption <small>• Read instructions on reverse side/see note below</small>		FORM 13
NAME AND MAILING ADDRESS OF PURCHASER Name _____ Street or Other Mailing Address _____ City _____ State _____ Zip Code _____		NAME AND MAILING ADDRESS OF SELLER Name _____ Street or Other Mailing Address _____ City _____ State _____ Zip Code _____
Check Type of Certificate <input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One <input type="checkbox"/> Purchase for Resale (Complete Section A) <input type="checkbox"/> Exempt Purchase (Complete Section B) <input type="checkbox"/> Contractor (Complete Section C)		
SECTION A—Nebraska Resale Certificate Description of Item or Service Purchased _____ I hereby certify that the purchase, lease, or rental of from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the form or condition in which purchased, or as an ingredient or component part of other property to be resold. I further certify that we are engaged in business as a: <input type="checkbox"/> Wholesaler <input type="checkbox"/> Retailer <input type="checkbox"/> Manufacturer <input type="checkbox"/> Lessor of Description of Product Sold, Leased, or Rented _____ and hold Nebraska Sales Tax Permit Number 01- _____ If None, State Reason _____ or Foreign State Sales Tax Number _____ State _____		

For more detailed information, refer to the [Form 13 instructions](#).General STX
2013 - 25**Nebraska Exempt Sale Certificate
Form 13, Section B**

- Specific governmental units
 - [Governmental Entities](#) – Information guide
 - [Reg-1-012C](#) – Entity-based exemptions
- Certain exempt organizations
 - [Nonprofits](#) – Information guide
 - [Nonprofits](#) – PowerPoint slides
 - [Reg-1-090](#) – Nonprofit organizations
 - [Reg-1-091](#) – Religious organizations
 - [Reg-1-092](#) – Educational institutions

more...

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2013 - 26**Form 13, Section B**

- Qualified manufacturing machinery and equipment (MME)
 - [MME](#) – Information guide
 - [MME](#) – PowerPoint slides
 - [Reg-1-107](#) – MME Exemption
- Vehicles and parts for vehicles used by a common or contract carrier
 - [Common or Contract Carrier](#) – Information guide
 - [Reg-1-069](#) – Common & Contract Carriers

more...

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2013 - 27**Form 13, Section B**

- Qualified commercial agricultural machinery and equipment (ag exemption)
 - [Ag](#) – Information guide
 - [Agri-business](#) – PowerPoint slides
 - [Reg-1-094](#) – Ag machinery & equipment refund
- Occasional sales (This exemption is very limited in scope!)
 - [Reg-1-022](#) – Occasional sales

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Collecting, Documenting, and Reporting Sales Tax (continued)

Form 13, Section B

Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption <small>• Read instructions on reverse side/see note below</small>		FORM 13
<input type="button" value="RESET FORM"/>		
NAME AND MAILING ADDRESS OF PURCHASER		NAME AND MAILING ADDRESS OF SELLER
Name _____		Name _____
Street or Other Mailing Address _____		Street or Other Mailing Address _____
City _____	State _____ Zip Code _____	City _____ State _____ Zip Code _____
Check Type of Certificate <input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One <input type="checkbox"/> Purchase for Resale (Complete Section A) <input type="checkbox"/> Exempt Purchase (Complete Section B) <input type="checkbox"/> Contractor (Complete Section C)		
SECTION B—Nebraska Exempt Sale Certificate		
The basis for this exemption is exemption category _____ (Insert appropriate category as described on reverse of this form.) If exemption category 2 or 5 is claimed, enter the following information: Description of Item(s) Purchased _____ Intended Use of Item(s) Purchased _____ If exemption categories 3 or 4 are claimed, enter the Nebraska Exemption Certificate number. 05- _____ If exemption category 6 is claimed, seller must enter the following information and sign this form below: Description of Item(s) Sold _____ Date of Seller's Original Purchase _____ Was Tax Paid when Purchased by Seller? <input type="checkbox"/> YES <input type="checkbox"/> NO Was Item Depreciable? <input type="checkbox"/> YES <input type="checkbox"/> NO		
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For more information, see Form 13 instructions .		

Collecting, Documenting, and Reporting Sales Tax (continued)

Form 13, Section C – For Contractors Only

Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption <small>• Read instructions on reverse side/see note below</small>		FORM 13
<input type="button" value="RESET FORM"/>		
NAME AND MAILING ADDRESS OF PURCHASER		NAME AND MAILING ADDRESS OF SELLER
Name _____		Name _____
Street or Other Mailing Address _____		Street or Other Mailing Address _____
City _____	State _____ Zip Code _____	City _____ State _____ Zip Code _____
Check Type of Certificate <input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason: Check One <input type="checkbox"/> Purchase for Resale (Complete Section A) <input type="checkbox"/> Exempt Purchase (Complete Section B) <input type="checkbox"/> Contractor (Complete Section C)		
SECTION C—For Contractors Only		
1. Purchases of Building Materials or Fixtures: <input type="checkbox"/> As an Option 1 or Option 3 contractor, I hereby certify that purchases of building materials and fixtures from the above seller are exempt from Nebraska sales tax. My Nebraska Sales or Consumer's Use Tax Permit Number is: 01- _____		
2. Purchases Made Under Purchasing Agent Appointment on behalf of _____ (insert entity): <input type="checkbox"/> Pursuant to an attached Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax, Form 17, I hereby certify that purchases of building materials, and fixtures are exempt from Nebraska sales tax.		
There is a seminar just for <u>contractors</u> ! Check the schedule to attend a class, request that we set a date to work with you directly, or check out the presentation using the link above!		
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Collecting, Documenting, and Reporting Sales Tax (continued)

Form 13CCE

Exemption Permit Application For Use of Credit or Debit Cards by Sales Tax Exempt Entities <small>• Nebraska or Number (if applicable)</small>		FORM 13CCE
NAME AND LOCATION ADDRESS		NAME AND MAILING ADDRESS
Name _____		Name _____
Legal Name _____		Street or Other Mailing Address _____
Street Address _____		City _____ State _____ Zip Code _____
City _____ State _____ Zip Code _____		
CREDIT OR DEBIT CARD INFORMATION		
* Name and address of bank issuing the credit or debit card: _____ _____ _____		
* Last four digits of the card: (if the exempt governmental entity or exempt organization has more than one credit or debit card account, a separate application is required for each credit or debit card.)		
DOCUMENTATION REQUIRED		
* Attach all of the following: • Copy of the billing statement; • Copy of the credit or debit card; and • Copy of a payment made to the issuing bank.		
ADDITIONAL BILLING INFORMATION		
* Will any person other than the sales tax exempt governmental entity or sales tax exempt organization be billed by the issuer of the card for any purchases made using the credit or debit card identified on this application? <input type="checkbox"/> YES <input type="checkbox"/> NO If yes, please explain: _____		
Under penalties of law, I declare that I have examined this application, and to the best of my knowledge and belief, it is correct and complete.		
sign here _____ Signature of Owner, Partner, Member, Corporate Officer, or Other Person Authorized by Attached Power of Attorney Title _____ Telephone Number _____ Title _____ Email Address _____		
FOR NEBRASKA DEPARTMENT OF REVENUE USE ONLY		
<input type="checkbox"/> APPROVED COMMENTS: _____ <input type="checkbox"/> DISAPPROVED Exemption Code: _____		
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Collecting, Documenting, and Reporting Sales Tax (continued)

13CCE, Exemption Permit

Exemption Permit For Use of Credit or Debit Cards		
NAME AND LOCATION ADDRESS		NAME AND MAILING ADDRESS
Name _____		Name _____
Street Address _____		Street or Other Mailing Address _____
City _____	State _____ Zip Code _____	City _____ State _____ Zip Code _____
CREDIT OR DEBIT CARD IDENTIFICATION		
Issuing Bank _____	Type of Credit or Debit Card _____	Last Four Digits of the Credit or Debit Card _____
Effective Date of Exemption Permit _____	Expiration Date of the Exemption Permit (Expiration date of the credit or debit card) _____	
_____ has provided the Nebraska Department of Revenue with documentation that the credit or debit card identified above is directly billed to, and paid by, the sales tax exempt governmental entity or sales tax exempt organization. To make sales and lodging tax exempt purchases using this credit or debit card, the exempt governmental entity or exempt organization must:		
<ul style="list-style-type: none"> • Complete a Nebraska Resale or Exempt Sale Certificate, Form 13, section B; • Attach a copy of this Exemption Permit to the Form 13; and • Issue both documents to the seller at the time of purchase. 		
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Reporting Sales Tax

- E-file a Form 10.
- For e-file instructions, please go to the Department's [website](#).
- A return must be filed even if there are no sales to report.

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Sales and Use Tax 8888888 123 SALES CORPORATION 2/2010

START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule 1 | MY | Form 10 | Review Forms

Form 10

Click here to use the worksheet for lines 1, 2, and 4

Nebraska and Local Sales and Use Tax Return - Form 10 (2)			
1.	Gross sales and services	1.	
2.	Net Taxable sales	2.	
3.	Nebraska sales tax (line 2 multiplied by 0.055)	3.	
4.	Nebraska use tax	4.	
5.	Local use tax (From Schedule 1)	5.	40.00
6.	Local sales tax (From Schedule 1)	6.	60.00
7.	Total Nebraska and local sales tax (line 3 plus line 6)	7.	60.00
8.	Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	1.50
9.	Sales tax due (line 7 minus line 8)	9.	58.50
10.	Total Nebraska and local use tax (line 4 plus line 5)	10.	40.00
11.	Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	98.50
12.	Previous balance with applicable interest at 5.0% per year and payments received through	12.	
13.	BALANCE DUE (line 11 plus or minus line 12). Pay in full with return. Please click Save/Next to review your return. Your return has not been filed until you receive a reference number.	13.	98.50

Print this Form

Back Save Save/Next

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START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule 1 | MY | Form 10 | Review Forms

Schedule 1 - Local Sales and Use Tax

The program defaults to calculate tax when the amount subject to tax is entered. Click [Enter Tax](#) to have the program calculate the amount subject to tax when tax is entered.

Select File to Upload Click this button to select a comma-separated values (CSV) file to upload. [Click here](#) for a description of the required format.

Local Jurisdiction Local Code	Rate	Use Tax		Sales Tax	
		1 Amount Subject to Local Use Tax	2 Local Use Tax Enter Tax	3 Amount Subject to Local Sales Tax	4 Local Sales Tax
Elgin (164)	.010		.00		.00
Totals		.00	.00	.00	.00

Select a Jurisdiction Not Listed Above (To add a jurisdiction click below)

Select One

- The file upload feature allows taxpayers who report sales tax to multiple tax jurisdictions to upload a comma-separated values (CSV) file.
- There is no requirement to use this feature. It is simply a convenience some filers may choose. See "Click here" for more information.

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START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule 1 | MY | Form 10 | Review Forms

Net Taxable Sales Worksheet

1. Gross Sales and Services in Nebraska (Line 1 of Form 10)

ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES

A. Sales of nontaxable services as shown in Regulation 11-0121

B. Sales of items sold for resale as shown in Regulation 11-0121

C. Sales of exempt purchasers as shown in Regulation 11-0121

D. Sales of exempt items as shown in Regulation 11-0121

E. Exempt Sellers as shown in Regulation 11-0121

F. Use-based exemptions as shown in Regulation 11-0121

G. Other allowable deductions. Click here for a list of allowable deductions and the applicable regulations

H. Subtotal of all allowable exemptions and deductions (A through G)

2. Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10

Nebraska Use Tax Worksheet

Cost of items and taxable services purchased for use in Nebraska on which tax was not paid

1. Total amount subject to Nebraska use tax (line 1 plus line 3)

2. Nebraska use tax (line 3 multiplied by the rate identified on line 3 of Form 10)

3. Credit for tax paid to other states on items in line 4

4. Nebraska use tax due (line 4 minus line 5). Line 4, Form 10

Move values below to Form 10

Form 10, Line 1 Form 10, Line 2 Form 10, Line 4

This screen shows the optional Net Taxable Sales Worksheet used to help calculate lines 1 and 2 on Form 10.

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Nebraska e-pay

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Nebraska e-pay

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Nebraska Department of
REVENUE

Property Assessment Motor Fuels Charitable Gaming Nebraska Lottery

Electronic Payment Options for State Taxes

Mandate Information

Nebraska e-pay
State withdraws funds from your bank account, based on the information you provide.

ACH Credit
You work with your bank to deposit funds into the State's bank account.

Tele-pay
Click the Tele-pay button above for instructions on paying taxes by phone.

Credit Card
Use a credit card to make tax payments.

Payment Plan
Work with the Department to pay your balance due.

Official Nebraska State Government Home Page | Privacy Policy | About Outside Links

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Nebraska e-pay (continued)

Make Payment
Manage Accounts
Pending Payments
Payment History
Change Password

Make a Payment - 11010 - Carline Tax

*Required Field

PAYMENT INFORMATION

Payment Amount: 5000.00
Payment Method: eCheck
Payment Date: 08/14/2013

PAYMENT DETAILS

Tax Period End Date (MMDDYYYY):* 07312013 Tax Period End Date for single payments can be for past dates but should not be for future dates or before 01011968 (January 1 1968).
Nebraska ID: 2030400

ACCOUNT SELECTION

Please select an account: * Use new Bank account

Continue Cancel

[Browser Requirements](#)

When setting up a payment in e-pay, be sure to enter the correct payment amount with the decimal point.

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Nebraska e-pay (continued)

Make Payment
Manage Accounts
Pending Payments
Payment History
Change Password

Make a Payment - 11010 - Carline Tax

*Required Field

PAYMENT INFORMATION

Payment Amount: 500000.00
Payment Method: eCheck
Payment Date: 08/14/2013

PAYMENT DETAILS

Tax Period End Date (MMDDYYYY):* 07312013 Tax Period End Date for single payments can be for past dates but should not be for future dates or before 01011968 (January 1 1968).
Nebraska ID: 2030400

ACCOUNT SELECTION

Please select an account: * Use new Bank account

Continue Cancel

[Browser Requirements](#)

If you fail to enter the decimal point... the \$5,000 payment will become \$500,000!

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What is Use Tax?

For more information, see [Reg-1-002 – Use Tax](#).

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Use Tax

What is Use Tax?

- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are not both due on the same transaction.
- The big difference is who remits the tax -
 - Sales tax is collected and remitted by the seller.
 - Use tax is paid directly to the Department by the purchaser/consumer.

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Use Tax (continued)

Use Tax and Sales Tax Have These Things in Common –

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
 - Where delivery occurs or
 - Where first usage in Nebraska takes place.

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Use Tax (continued)

When Use Tax is Due

- Use tax is often due when purchases are made from an out-of-state seller
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Use tax is due when the business withdraws tax-free inventory for business or personal use (including donations)
 - Auto mechanic
 - Hair salon

Note: Be sure to maintain good records!

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Reporting Use Tax

- Businesses report use tax on:
 - Form 10; or
 - Form 2.
- Individuals report use tax on:
 - Form 3;
 - Form 1040N; or
 - Form 2 (only if claiming credit for tax paid to another state).

Note: Do not use Form 1040XN to make changes to individual use tax filings.

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Businesses that hold a Nebraska Sales and Use Tax Permit, must use Form 10.

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The screenshot shows the 'Net Taxable Sales Worksheet' from the Nebraska Department of Revenue. It includes sections for 'ALLOWABLE EXEMPTIONS AND DEDUCTIONS FROM GROSS SALES' (A through H) and 'Net Taxable Sales (Line 1 minus Line H) Line 2, Form 10'. Below this is the 'Nebraska Use Tax Worksheet' with lines 1 through 6 for calculating the use tax due. At the bottom, it says 'Move values below to Form 10' and lists 'Form 10, Line 1', 'Form 10, Line 2', and 'Form 10, Line 4'.

This screen shows the optional Nebraska Use Tax Worksheet used to help calculate line 4 on Form 10.

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The screenshot shows 'Schedule I - Local Sales and Use Tax' from the Nebraska Department of Revenue. It includes a header with 'Sales and Use Tax', '8888888', '123 SALES CORPORATION', and '02/2010'. Below this is a table with columns for 'Local Jurisdiction', 'Rate', 'Amount Subject to Local Use Tax', 'Local Use Tax', 'Amount Subject to Local Sales Tax', and 'Local Sales Tax'. The table shows data for 'Central City (094)' with a rate of .010 and amounts of .00. A 'Totals' row shows .00 for both use tax and sales tax. There are buttons for 'Select File to Upload', 'Clear Amounts', and 'Enter Tax'. At the bottom, it says 'Amounts for duplicate city codes will be summed and combined into a single row. Print this Form (optional)' and has 'Back', 'Save', and 'Save/Next' buttons.

- On Schedule I, local jurisdictions reported within the last 12 months will be shown.
- The program defaults to enter the "Amount Subject to Tax." Click on the blue "Enter Tax" link to enter the amount of tax.

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Use Tax (continued)

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START RETURN COMPLETE FORMS MAKE PAYMENT

Schedule 1 | **Form 10** | Review Forms

Form 10 [Click here to use the worksheet for lines 1, 2, and 4 \(Optional\)](#)

Nebraska and Local Sales and Use Tax Return - Form 10

1. Gross sales and services	1.	6,000.00
2. Net Taxable sales	2.	500.00
3. Nebraska sales tax (line 2 multiplied by 0.055)	3.	27.50
4. Nebraska use tax (amount subject to use tax multiplied by 0.055)	4.	55.00
5. Local use tax (From Schedule 1)	5.	40.00
6. Local sales tax (From Schedule 1)	6.	66.00
7. Total Nebraska and local sales tax (line 3 plus line 6)	7.	87.50
8. Sales tax collection fee (line 7 multiplied by 0.025; Maximum allowed \$75.00 per location)	8.	2.19
9. Sales tax due (line 7 minus line 8)	9.	85.31
10. Total Nebraska and local use tax (line 4 plus line 5)	10.	95.00
11. Total Nebraska and local sales and use tax (line 9 plus line 10)	11.	180.31
12. Previous balance with applicable interest at 3.0% per year and payments received through	12.	
13. BALANCE DUE (line 11 plus or minus line 12). Pay in full with return	13.	180.31

*Please click Save/Next to review your return.
 Your return has not been filed until you receive a reference number.

[Print this Form \(optional\)](#) [Back](#) [Save](#) [Save/Next](#)

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Use Tax (continued)

REVENUE **Business Nebraska and Local Use Tax Return** **FORM 2**

PLEASE DO NOT WRITE IN THIS SPACE

Name (Do not include PO Box) _____

NAME AND MAILING ADDRESS _____

City _____ State _____ Zip Code _____

1. Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid. (Include the cost of items withdrawn from inventory for use.) 1 \$ _____ 00

2. Nebraska use tax due (line 1 multiplied by .055). 2 _____

3. Total local use tax due (add amounts in Column B) 3 _____

4. Total Nebraska and local use taxes due (line 2 plus line 3). 4 _____

5. Credit for tax properly paid to other states and taxing jurisdictions on items included on line 1 (see instructions). 5 _____

6. Net Nebraska and local use taxes due (line 4 minus line 5). 6 _____

7. Previous balance with applicable interest at % per year and payments received through 7 _____

8. BALANCE DUE (line 6 plus or minus line 7). Pay in full with this return. 8 \$ _____ 00

☐ Check this box if your payment is being made by Electronic Funds Transfer (EFT).

sign here Taxpayer Signature _____ Date _____ Signature of Preparer (Other Than Taxpayer) _____ Date _____

This return is due on or before the 25th day of the month following the tax period indicated above.
 Mail this return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 9802, LINCOLN, NE 68509-8902.
www.revenue.ne.gov, (800) 742-7474 (NE and IA), (402) 471-5729

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Businesses use **Form 2** if they do not hold a sales tax permit.

Use Tax (continued)

REVENUE **Individual Nebraska and Local Use Tax Return** **FORM 3**

PLEASE DO NOT WRITE IN THIS SPACE

Name _____

NAME AND MAILING ADDRESS _____

City _____ State _____ Zip Code _____

1. Cost of taxable items or services purchased for use in Nebraska when Nebraska sales tax has not been paid. 1 \$ _____ 00

2. Nebraska use tax due (line 1 multiplied by .055). 2 _____

3. Total local use tax due (add amounts in Column B) 3 _____

4. Nebraska and local use tax due (line 2 plus line 3). Pay in full with this return. 4 \$ _____ 00

sign here Taxpayer Signature _____ Date _____ Signature of Preparer (Other Than Taxpayer) _____ Date _____

This return and payment to: NEBRASKA DEPARTMENT OF REVENUE, PO BOX 9802, LINCOLN, NE 68509-8902.
www.revenue.ne.gov, (800) 742-7474 (Nebraska and Iowa), (402) 471-5729

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Individuals use **Form 3**.

Use Tax (continued)

REVENUE **Nebraska Individual Income Tax Return** **FORM 1040N**
 for the taxable year January 1, 2012 through December 31, 2012 or other taxable year: **2012**

Your First Name and Initial _____ Last Name _____

If a Joint Return, Spouse's First Name and Initial _____ Last Name _____

Current Mailing Address (Number and Street or PO Box) _____

City _____ State _____ Zip Code _____

37. TOTAL TAX AND PENALTY. Add lines 27 and 36. 37 _____ 00

38. Use tax due on Internet and out-of-state purchases. See instructions.
 Enter purchases subject to tax 92 \$ _____
 State tax 93 \$ _____ (purchases x 5.5%); Local code 94 _____ (see local rate schedule);
 Local tax 95 \$ _____ (purchases x local rate of _____, from local rate schedule)
 Total tax \$ _____ Add state and local taxes and enter on line 38. If no use tax, enter (-0-) on line 38. 38 _____ 00

39. TOTAL AMOUNT DUE. If line 35 is less than total of lines 37 and 38, subtract line 35 from the total of lines 37 and 38. Pay this amount in full. For electronic or credit card payment, check here ☐ and see instructions 39 _____ 00

40. OVERPAYMENT. If line 35 is more than total of lines 37 and 38, subtract total of lines 37 and 38 from line 35. 40 _____ 00

41. Amount of line 40 you want APPLIED TO YOUR 2013 ESTIMATED TAX. 41 _____ 00

42. Wildlife Conservation Fund DONATION of \$1 or more. 42 _____ 00

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Individuals can use the Form 1040N to report and pay use tax!

Summary of Sales Tax

- Nebraska Sales Tax
- Sales Tax is Calculated on Gross Receipts
- Delivery Location and the Local Sales Tax
- Collecting, Documenting, and Reporting Sales Tax
- Nebraska e-pay
- What is Use Tax?

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Other Tax Information

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Other Tax Information

- Labor Charges Associated with Personal Property ([Reg-1-082](#))
- Gross Receipts ([Reg-1-007](#))
- Prepaid Wireless Surcharge ([Department Web Page](#))
- Containers ([Reg-1-043](#))
- Software and Digital Goods and Services ([Reg-1-088](#))
- Manufacturing Machinery and Equipment (MME) ([Reg-1-107](#))
- Agricultural Machinery and Equipment ([Reg-1-094](#))
- Certificate of Clearance ([Neb. Rev. Stat. § 77-2707](#))
- Why Would We Audit You? ([Department Web Page](#))
- Records ([Reg-1-008](#))
- Graffiti Cleanup of Real Property ([Reg-1-098](#))

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Other Tax Information - Labor Charges

Labor Charges Associated with Personal Property

- Taxable
 - Production and assembly labor
 - Installation and repair labor when the item is taxable
- Exempt
 - Installation labor when the item is exempt
 - Repair labor (see the next slide)

For more information, see [Reg-1-082](#) – Labor Charges.

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Exempt Repair Labor Charges

- Licensable motor vehicle
- Agricultural machinery and equipment used in commercial agriculture
- Qualifying prosthetic devices and durable medical equipment ([Form 13](#) required)
- Mobility-enhancing equipment ([Form 13ME](#) required)
- Qualified MME ([Form 13](#) required)

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Gross Receipts

Four exceptions to separately stating sales tax:

- Admissions
- Alcohol by-the-drink
- Concessions
- Vending machines

For more information, see [Reg-1-007](#) – Gross Receipts Defined.

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Example:

You charge your customer \$10 for a pitcher of beer in a city with a 1.5% local sales tax.

The customer's bill would show:	
Pitcher of beer	\$10

To determine gross receipts and the amount of sales tax:

- Divide \$10 by 1.07 (1 plus the total state and local sales tax rate). The gross receipts is \$9.35.
- Subtract \$9.35 from \$10 to get \$0.65, which is the tax.

Gross receipts (sales price)	= \$9.35
State and local sales tax	= \$0.65

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Delivery Charges

Delivery charges are taxable when:

- the buyer pays the seller for the delivery charge and
- the transaction is taxable.

Delivery charges are taxable regardless of the method of delivery.

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Delivery Charges

If you owe use tax on a purchase, you also owe use tax on any delivery charge paid to the seller as part of that purchase.

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Tips and Gratuities

- Discretionary (nontaxable)
- Mandatory (taxable)

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Prepaid Wireless Surcharge

Example:

Sale of a prepaid mobile phone with 500 minutes of prepaid wireless service

Phone	\$50.00
Prepaid wireless surcharge (\$50 X 1.1%)	.55
Sales tax (\$50 X 7%)	<u>+3.50</u>
Total	\$54.05

For more information, see [Department Web Page](#).

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Containers

There are two types:

- Returnable
 - Taxable to the person who will place contents into them.
- Nonreturnable
 - Nontaxable when the person will fill the container and sell the contents with the container.

For more information, see [Reg-1-043](#) – Containers.

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Software and Digital Goods & Services

Taxable Examples

Software/software installation

- Tangible medium
- Internet transferred software
- Software training/re-training by the seller
- Maintenance agreements with updates

Digital goods

- Electronic books and book clubs
- Downloading songs & ringtones
- Movies, music videos, & TV shows

Services

- Virus protection software, monitoring services, security services, and testing

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Software and Digital Goods & Services

Nontaxable Examples

Software/software installation

- Cloud computing
- Accessing web-based applications (no code necessary)
- Access codes for online subscription services

Digital goods

- Web design without license transfer
- Electronically-transferred photographs

Services

- Help desk without updates

For more information, see [Reg-1-088 – Software](#) and the [Computer Software](#) information guide.

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Manufacturing Machinery and Equipment (MME) is Exempt:

- If more of the manufacturer's total annual revenue is from sales of tangible personal property it manufactures than from any other business activity, and
- The machinery and equipment is used more than 50% of the time in manufacturing.

For more information, see [Reg-1-107](#) – MME Exemption.

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MME Includes Machinery or Equipment Used for

- Producing, fabricating, assembling, processing, molding, shaping, finishing, refining, or packaging tangible personal property
- Transporting, conveying, handling, or storing the manufactured goods or raw materials
- Maintaining the integrity of the products or unique environmental conditions for the products or MME itself

more...

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MME Includes...

- Testing or measuring the product, the manufacturing process, or the quality of the finished products
- Computers, software, and peripheral equipment used to guide, control, operate, or measure the manufacturing process
 - Example:
Software used to direct robotic assembly line equipment to move the product down the line.

more...

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MME Includes...

- Self-constructed equipment
- Replacement parts
- Repair labor charges

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MME Does Not Include...

- Licensable motor vehicles
- Tools powered by hand
- Security equipment
- Safety apparel
- Office equipment
- Repair shop equipment
- Most cleaning equipment
- Equipment used for research and development

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Agricultural Machinery and Equipment

Purchases are exempt if three criteria are met:

- The item is used directly in commercial agriculture;
- The item meets the definition of ag equipment; and
- The purchaser properly completes a Form 13, Section B.

For more information, see Reg-1-094 – Ag Machine and Equipment.

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Commercial Ag includes:

- Producing food products or other useful and valuable crops; or
- Raising or caring for animals.

Note: The crops or animals can either be sold or used by the farmer/rancher to produce other products for sale.

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Commercial Ag Also Includes:

- Feedlots
- Greenhouses
- Nurseries
- Sod farms
- Tree farms

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Ag Equipment Does Not Include:

- Real estate
- Licensable motor vehicles
- Equipment used in processing at a commercial facility
- Well drilling equipment
- Office equipment
- Replacement parts

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Ag Repair and Replacement Parts

- The purchaser may apply for a refund of the tax if:
 - the repair parts are depreciable; and
 - the property repaired is qualified ag equipment.
- To obtain a refund, file a Form 7AG-1 within 3 years of the date of purchase.

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Purchasing a Business = Buying a Liability?

The buyer can be held liable for taxes due by the previous owner up to the amount of the purchase price, even if a lien has not been recorded.

Protect yourself!

- Certificate of Clearance:
 - Buyer or seller requests and receives the certificate in writing.
 - If buyer makes request, seller must sign the form.
 - Request the certificate by filing a Form 36, Tax Clearance Application.
 - Form 36 should be filed at least 15 days prior to closing.
- The Department will:
 - Advice whether or not buyer should withhold funds from the purchase amount, including any assumed debt, to cover outstanding tax liability.

For more information see Successor in Interest, [§ 77-2707 Sales and Use Tax](#), and Transferee, [§ 77-27.110 Income Tax Withholding](#).

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Just a Few More Things...

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Why Would We Audit You?

- Audit of another taxpayer
- Department staff experiences
- Referrals from outside sources
 - Media
 - Tip line
 - Other government agencies
- Data mining
 - Comparisons with other companies
 - Trends, patterns, and relationships
 - Industry standards
- Follow-up audits

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Records

- Every seller is required to keep records.
 - Documents
 - List of items or services consumed in the business
 - Normal books of account
 - Receipts showing taxes paid
 - Resale and exempt sale certificates
 - Schedules
 - Working papers used in preparing tax returns

We recommend you retain records for 5 years after a return is filed.

For more information, see [Reg-1-008](#) – Records.

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Failure to Keep Records Could Lead to:

- Tax assessments
- License suspension
- License revocation

For more information, see Neb. Rev. Stat. § 77-2705(6)(a)(ii)

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Graffiti Cleanup of Real Property

Taxable? It depends.

If the graffiti is on a building, the cleanup is taxable

- Residential building
- Commercial building

If the graffiti is on a structure annexed to real property (not a building), the cleanup is not taxable

- Fence
- Water tower

Note: Building means any free-standing structure enclosed within a roof and exterior walls (Reg-1-017.02).

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Let us know what you think.
Please turn in your evaluation!

Thank you!

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